ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended December 31, 2023

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the company. Management is responsible for the information and representations contained in these consolidated financial statements and other sections of this report.

An auditor has not performed a review of these consolidated financial statements.

Advantex Marketing International Inc.
Consolidated Statements of Financial Position (unaudited)
(expressed in Canadian dollars)

	Note	December 31, 2023	June 30, 2023
		$	$
Assets			
Current assets			
Cash		$ 155,598	$ 340,427
Accounts receivable		66,631	84,917
Transaction credits	5	5,645,935	5,641,940
Prepaid expenses and sundry assets		1,416	1,416
		$ 5,869,580	**$ 6,068,700**
Total assets		**$ 5,869,580**	**$ 6,068,700**
Liabilities			
Current liabilities			
Loan payable	6	$ 5,869,038	$ 5,992,287
Loan	16	60,000	60,000
Accounts payable and accrued liabilities		3,605,951	3,590,699
		$ 9,534,989	**$ 9,642,986**
Non-current liabilities			
9% non-convertible debentures payable	7	$ 9,749,158	$ 8,765,806
12% non-convertible debentures payable	8	300,696	278,136
Deferred fair value adjustment on 12% non-convertible debentures payable		73,691	91,993
		$ 10,123,546	**$ 9,135,935**
Total liabilities		**$ 19,658,535**	**$ 18,778,921**
Shareholders' deficiency			
Share capital	9	$ 24,530,555	$ 24,530,555
Contributed surplus		7,901,617	7,901,617
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(46,173,744)	(45,095,010)
Total deficiency		**$ (13,788,955)**	**$ (12,710,221)**
Total liabilities and deficiency		**$ 5,869,580**	**$ 6,068,700**

Going concern (note 2) and Commitments and contingencies (note 12)

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board

Director: Signed "Marc Lavine"
Marc Lavine

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss (unaudited)
For the three and six months ended December 31, 2023 and 2022
(expressed in Canadian dollars)

		3 months ended December 31		6 months ended December 31	
	Note	2023	2022	2023	2022
		$	$	$	$
Revenues	15				
Marketing activities		$ 282,226	$ 153,896	$ 504,715	$ 370,473
Interest income		581,756	283,655	1,107,445	651,915
		$ 863,982	**$ 437,551**	**$ 1,612,160**	**$ 1,022,388**
Direct expenses	14/15	192,681	95,207	353,072	266,383
		671,301	342,344	1,259,088	756,005
Operating expenses					
Selling and marketing	14/15	151,731	140,389	289,907	275,136
General and administrative	14/15	303,298	301,531	576,404	585,916
Earnings/(Loss) from operations before depreciation, amortization and interest		**216,272**	**(99,576)**	**392,777**	**(105,047)**
Stated interest expense					
Loan payable	6	237,570	107,889	463,958	219,823
9% non-convertible debentures payable	7	225,266	202,142	450,532	404,285
12% non-convertible debentures payable	8	12,000	-	24,000	-
Interest - Lease		-	-	-	180
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non-convertible debentures payable	7	268,084	217,924	528,763	429,600
Non-cash interest expense - amortization of transaction costs related to 12% non-convertible debentures	8	2,128	-	4,257	-
Non-cash interest expense - accretion charges related to 12% non-convertible debentures payable	8	9,283	-	18,302	-
Non-cash interest expense - accretion of deferred gain related to 12% non-convertible debentures payable	8	(9,283)	-	(18,302)	-
Net (loss) and comprehensive (loss)		**$ (528,776)**	**$ (627,531)**	**$ (1,078,733)**	**$ (1,158,935)**
(Loss) per share					
Basic and Diluted		**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the three and six months ended December 31, 2023 and 2022
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	$	$	$	$	$	$
Balance at July 1, 2022	**$ 3,815**	**$ 24,526,740**	**$ 7,742,802**	**$ (47,383)**	**$ (42,567,857)**	**$ (10,341,883)**
Net (loss) and comprehensive (loss)	-	-	-	-	(1,158,935)	(1,158,935)
Balance at December 31, 2022	**$ 3,815**	**$ 24,526,740**	**$ 7,742,802**	**$ (47,383)**	**$ (43,726,792)**	**$ (11,500,818)**
Balance at July 1, 2023	**$ 3,815**	**$ 24,526,740**	**$ 7,901,617**	**$ (47,383)**	**$ (45,095,010)**	**$ (12,710,221)**
Net (loss) and comprehensive (loss)	-	-	-	-	(1,078,733)	(1,078,733)
Balance at December 31, 2023	**$ 3,815**	**$ 24,526,740**	**$ 7,901,617**	**$ (47,383)**	**$ (46,173,744)**	**$ (13,788,955)**

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the three and six months ended December 31, 2023 and 2022
(expressed in Canadian dollars)

	Note	2023	2022
		$	$
Operational activities			
Net (loss) for the period		$ (1,078,733)	$ (1,158,935)
Adjustments for:			
Accrued and unpaid 9% non-convertible debentures payable interest - current and non-current payable	7	450,532	404,285
Accrued and unpaid 12% non-convertible debentures payable interest - current payable	8	24,000	-
Interest - Lease		-	180
Accretion charge - 9% non-convertible debentures payable	7	458,678	380,968
Restructuring bonus - 9% non-convertible debentures payable	7	56,608	38,608
Amortization of transaction costs - 9% non-convertible debentures payable	7	13,477	10,024
Amortization of transaction costs - 12% non-convertible debentures payable	8	4,257	-
Non-cash interest expense - accretion charges related to 12% non-convertible debentures payable	8	18,302	-
Non-cash interest expense - accretion of deferred gain related to 12% non-convertible debentures payable	8	(18,302)	-
		(71,181)	(324,870)
Changes in items of working capital			
Accounts receivable		18,286	(12,576)
Transaction credits		(3,995)	1,532,891
Prepaid expenses and sundry assets		-	40,172
Accounts payable and accrued liabilities excluding current portion of accrued and unpaid interest on 9% non-convertible debentures payable and 12% non-convertible debentures payable		18,192	244,386
		32,483	1,804,873
Net cash generated/(used) - operating activities		**$ (38,698)**	**$ 1,480,003**
Financing activities			
Payment for lease		-	(12,948)
Payment of interest - 12% non-convertible debentures payable		(22,882)	-
Proceeds of loan payable	6	6,322,140	2,320,821
(Repayment) of loan payable	6	(6,445,389)	(3,845,998)
Net cash generated/(used) - financing activities		**$ (146,131)**	**$ (1,538,125)**
Increase/(Decrease) in cash during the period		**$ (184,829)**	**$ (58,122)**
Cash at beginning of the period		340,427	93,185
Cash at end of the period		**$ 155,598**	**$ 35,063**
Additional information			
Interest paid		$ 486,840	219,823

The accompanying notes are an integral part of these consolidated financial statements

1 General information

Advantex Marketing International Inc. and its subsidiaries (together the company or Advantex) is a public company with common shares listed on the Canadian Securities Exchange (trading symbol ADX).

During periods ended December 31, 2023 and 2022 the company's core business was its merchant cash advance ("MCA") program. Under this program, the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

The company also has an agreement with Aeroplan Inc. owned by Air Canada ("AC") to operate as a re-seller of aeroplan points to merchants. Aeroplan members are eligible to earn aeroplan points on purchases at merchants who acquire aeroplan points from the company. The current term of the agreement ends August 31, 2028. The agreement can be terminated by AC under certain conditions during its term.

The company's segment reporting is provided in note 15.

Advantex is incorporated and domiciled in Canada. The address of its registered office is 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5.

2 Going concern

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern, which contemplates that the company will be able to realize its assets and settle its liabilities as they come due during the normal course of operations for the foreseeable future. When a company is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity is required to disclose those uncertainties.

The company has a shareholders' deficiency of $13,788,955 and negative working capital of $3,665,409 as at December 31, 2023. During the year ended June 30, 2023 the company closed two financings (notes 7 and 8), gross proceeds of $600,000 in January 2023 and $400,000 in April 2023, and in the previous fiscal year closed two financings with aggregate gross proceeds of $1,150,000 (note 7). The continuing negative effects of the pandemic, and the prevailing inflationary and high interest rate environment have created a more highly uncertain economic environment. More so for small independent businesses operating in the hospitality segment, especially restaurants. The company's customers are primarily small independent restaurants. Consequently, there is uncertainty surrounding the company's ability in the foreseeable future to generate cash flows sufficient to meet its operational needs and meet its obligations on due dates. Failure to meet obligations on due dates may lead to company being unable to continue operations due to: denial by suppliers of products and services; loss of access to a) loan payable (note 6) which supports the company's merchant cash advance program, and b) general working capital provided by 9% 2025 debentures (note 7) and 12% debentures (note 8); and inability to access alternative economically viable sources to replace existing capital. These material uncertainties cast significant doubt on the company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments may be necessary in the carrying values of assets and liabilities and the reported expenses and balance sheet classifications; and such adjustments could be material.

3 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the company's year ended June 30, 2023, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements and related notes have been reviewed by the company's audit committee and approved by the company's Board of directors ("Board") on February 28, 2024.

4 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Details of accounting policies are available in note 3 to the audited consolidated financial statements for year ended June 30, 2023.

5 Transaction credits

Under the MCA program the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

Under the MCA product, the company acquires the rights to receive future cash flows, associated with future business activity, at a discount from participating establishments ("transaction credits"). Under the MCA program the transaction credits are estimated to be fully extinguishable within 365 days. Until these transaction credits have been extinguished through collections from participating merchants there is a credit risk.

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The company, in the normal course of business, is exposed to credit risk on its transaction credits from customers.

Transaction credits are net of applicable allowance, which is established based on specific credit risk associated with the customer and other relevant information.

The evaluation of collectability of transaction credits is done on an individual customer basis. For specifically identified transaction credit balances that are impaired an expected loss is estimated. The amount of the estimates is determined based on the status of the customer and the company's historical experience on recoveries.

During periods ended December 31, 2022 and 2023 the economic uncertainties were the result of the inflationary and high interest environment. While during both fiscal periods the economic situation was less uncertain compared to the period of peak pandemic from March 2020 to September 2021, during period ended December 31, 2022 there was higher economic uncertainty due to the added impact of pandemic after-effects. During period ended December 31, 2023 and December 31, 2022 for level 1 transaction credits the company estimated loss based on historical loss rate. In addition, during period ended December 31, 2022 the company supplemented estimated loss with a forecast loss rate.

The historical loss rate is based on the losses experienced over the seven-year period prior to start of the pandemic, during and post pandemic.

The forecast loss rate is based on the company's knowledge of its customers and its evaluation of the impact of the pandemic and uncertain economic conditions on individual customers' ability to operate.

The company collects its dues through pre-authorized debits. The company's past experience is that recurring rejections of payments by a merchant – unless due to administration or clerical oversight and rapidly rectified - is the likely indication of the merchant not being able to operate, pay the company's dues leading to a credit loss. The risk management processes of the company in determining the expected credit losses review: a) the unimpaired portfolio for merchants with recurring rejections, b) reason(s) for the rejection(s) and the timeline within which satisfactorily resolved, c) location of the merchant and number of years in business, and d) likelihood of continuation of business for the period until the dues are paid to the company.

During period ended September 30, 2022 the pandemic continued to impact economic activity. During period October 2022 to December 31, 2022 and during six month period ended December 31, 2023 the inflationary and interest rate environment impacted economic activity. Hence in both six month periods there is some estimation in evaluation of collectability in future periods.

Recoveries are only recorded when objective verifiable evidence supports the change in the original provision.

The maximum exposure to credit risk with respect to transaction credits is the net balance of the transaction credits.

The transaction credit balances, and the related allowance is as follows:

	December 31, 2023	June 30, 2023
	$	$
Transaction credits	$ 6,508,116	$ 7,134,832
Allowance	(862,181)	(1,492,892)
Per Consolidated statement of financial position	**$ 5,645,935**	**$ 5,641,940**
Maximum exposure to credit risk	**$ 5,645,935**	**$ 5,641,940**

The transaction credits that are considered impaired and the related allowance is as follows:

	December 31, 2023	June 30, 2023
	$	$
Impaired transaction credits	$ 586,758	$ 1,262,909
Allowance	(586,758)	(1,262,909)
Impaired transaction credits not allowed for	**$ -**	**$ -**
The company carries a general allowance towards transaction credits. This allowance is the historical loss ratio	$ 275,423	$ 229,984

Movement on allowance for impaired transaction credits:

	December 31, 2023	December 31, 2022
	$	$
Balance brought forward at start of period	**$ 1,492,892**	**$ 1,379,853**
Allowance created during the period	-	-
Impaired accounts written back against allowance	(630,711)	-
Balance carried forward at end of period	**$ 862,181**	**$ 1,379,853**

6 Loan payable

	December 31, 2023	June 30, 2023
	$	$
Balance at start of period	**$ 5,992,287**	**$ 4,019,685**
Increase in borrowing	(123,249)	1,972,602
Balance at end of period	**$ 5,869,038**	**$ 5,992,287**

The Loan payable is a line of credit facility provided by Accord Financial Inc. ("Accord") and was established in December 2007. The loan payable has a facility limit of $8.5 million and is only available to the company for acquisition of transaction credits. As security, Accord has first charge to all amounts due from establishments funded from the loan payable.

Due to pandemic restrictions and their impact on the company's business, Accord allowed the company to defer payment of interest from March 2020 to June 2020. Subsequent to June 30, 2020, Accord provided the company an overdraft facility of $460,000. This overdraft facility was increased by $75,000 in June 2022, to be paid back by middle of September 2022 and the company repaid the $75,000 by due date. The overdraft facility is a general working capital facility and is a carve-out from the loan payable limit of $8.5 million. The interest rate is similar to the loan payable. As of December 31, 2023, the company has utilized $266,831 from this overdraft facility (at June 30, 2023 $325,540). The amount outstanding on the overdraft facility is due by July 31, 2024.

In March 2022 the company and Accord agreed to: 1) extend the term of their agreement, which was due to end June 30, 2022, to July 31, 2024, and 2) a payment plan for Advantex to re-pay the overdraft facility by July 31, 2024. The agreement is subject to automatic renewal after July 31, 2024 for periods of one year unless terminated by either party by giving 180 days written notice prior to end of the term.

In August 2023 Accord amended effective September 1, 2023 interest rate on loan payable. The amended interest rate is the prime rate of a certain Canadian bank plus 8.0% from prime rate of a certain Canadian bank plus 8.8% which was applicable from September 2021.

Accord funds 90% of each dollar of transaction credits acquired by the company and the company funds 10%. The company is responsible for all delinquencies on amounts due from establishments funded from the loan payable.

The loan payable is repayable on demand to Accord.

The interest cost during three and six months periods ended December 31, 2023, was $237,570 and $463,958 respectively (three and six month periods ended December 31, 2022 $107,889 and $219,823 respectively)

7 9% Non-convertible debentures payable

The company received agreement of the 9% debentures holders to extend their maturity date from December 31, 2021 to December 31, 2025. The 9% debentures were issued as 5,759 units (5,559 units in December 2017 and 200 units in October 2019) consisting of principal amount of $5,759,000 and 623,377,196 common shares of the company. Effective March 15, 2021 the 9% debentures were replaced by 9% 2025 debentures on a dollar for dollar basis with respect to the principal amount, restructuring bonus, and interest rate as such terms are defined in the 9% debentures.

The company closed a $250,000 financing on March 15, 2021 by way of senior secured non-convertible debentures (“9% 2025 debentures”). The 9% 2025 debentures were issued on the same terms and rank pari passu with existing 9% Non-convertible debentures payable (“9% debentures”) bearing interest at 9% per annum and maturing on December 31, 2025. The financing was a related party transaction (note 11).

The unpaid interest from December 16, 2018 until March 14, 2021 on the 9% debentures together with interest on interest are due on maturity of 9% 2025 debentures. An additional feature of the 9% 2025 debentures is that the first-year interest is deferred and is payable in eight equal instalments, with each instalment being added to each semi-annual interest payment payable after the first year through December 31, 2025, and the interest on interest will be added in the final interest payment.

The company issued 9% 2025 debentures on September 7, 2021 (gross proceeds of $1.0 million), on March 24, 2022 (gross proceeds of $150,000) and on January 5, 2023 (gross proceeds of $600,000). The purchasers received common shares for their purchase of these $1.75 million 9% 2025 debentures and for purchase of $250,000 9% 2025 debentures in March 2021. The financings were related party transactions (note 11). The common shares were determined to have nil value.

The principal amount of issued and outstanding 9% 2025 debentures at December 31, 2023 is $7,759,000 (at December 31, 2022 $7,159,000).

The 9% 2025 debentures are secured by a general security interest over the assets of the company and its subsidiaries. The 9% 2025 debentures require the company to meet financial covenants. The company was in compliance with financial covenants at December 31, 2022 and December 31, 2023.

On June 26, 2022 the company received waiver of the events of default with respect to financial covenants at December 31, 2021 and March 31, 2022 as well as agreement of the debenture holders to defer the payment of interest payable September 15, 2022, and re-set financial covenants for quarters ended June 30, 2022 until June 30, 2023. On March 14, 2023, the company received agreement of the debenture holders to defer the payment of interest payable March 15, 2023, and for it to be payable in six equal instalments, with each instalment being added to the interest payments due on September 15, 2023, March 15, 2024, September 15, 2024, March 15, 2025, September 15, 2025, and December 31, 2025. On June 26, 2023 the company received agreement of the debenture holders to re-set the financial covenants at June 30, 2023 and September 30, 2023. On September 12, 2023 the company received agreement of the debenture holders to defer the payment of interest payable September 15, 2023, and for it to be payable in five equal instalments, with each instalment being added to the interest payments due on March 15, 2024, September 15, 2024, March 15, 2025, September 15, 2025, and December 31, 2025. On December 19, 2023 the company received agreement of the debenture holders to re-set financial covenants at December 31, 2023.

If the company were to breach a financial covenant or were unable to pay its debts as they came due, it would be in default under the 9% 2025 debentures agreement and, as a result, the 9% 2025 debentures holders would have the right to waive the event of default, demand immediate payment of the 9% 2025 debentures in full or modify the terms and conditions of the 9% 2025 debentures including key terms such as repayment terms, interest rates and security.

If the company is unable to secure alternative financing to repay the 9% 2025 debentures in the event that the debenture holders demand immediate payment, the 9% 2025 debentures holders would have the right to realize upon a part or all of the security held by them.

The fair value of the 9% 2025 debentures issued in September 2021, March 2022 and January 2023 was determined based on a discounted cash flow of the interest and principal obligations of the 9% 2025 debentures, and the difference between the face value of the 9% 2025 debentures and their fair value was recognized in the contributed surplus. In addition, the transaction costs related to the transactions are being amortized to maturity date.

Movement on 9% 2025 debentures is tabulated hereunder:

	Debt portion	Accrued and Unpaid interest	Total
	$	$	$
Balance at June 30, 2022	**$ 5,991,254**	**$ 962,624**	**$ 6,953,878**
Accretion charge for the period	187,360	-	187,360
Restructuring bonus for the period	19,304	-	19,304
Amortization of transaction costs for the period	5,012	-	5,012
Interest for the period	-	202,143	202,143
Balance at September 30, 2022	$ 6,202,930	$ 1,164,767	$ 7,367,697
Accretion charge for the period	193,608	-	193,608
Restructuring bonus for the period	19,304	-	19,304
Amortization of transaction costs for the period	5,012	-	5,012
Interest for the period	-	202,142	202,142
Balance at December 31, 2022	**$ 6,420,854**	**$ 1,366,909**	**$ 7,787,763**
Balance at June 30, 2023	**$ 7,341,370**	**$ 1,835,313**	**$ 9,176,683**
Accretion charge for the period	225,634	-	225,634
Restructuring bonus for the period	28,303	-	28,303
Amortization of transaction costs for the period	6,739	-	6,739
Interest for the period	-	225,266	225,266
Balance at September 30, 2023	$ 7,602,046	$ 2,060,579	$ 9,662,625
Accretion charge for the period	233,043	-	233,043
Restructuring bonus for the period	28,305	-	28,305
Amortization of transaction costs for the period	6,738	-	6,738
Interest for the period	-	225,266	225,266
Balance at December 31, 2023	**$ 7,870,132**	**$ 2,285,845**	**$ 10,155,977**

9% 2025 debentures reflected in statement of financial condition as:

	Current liability. Included in Accounts payable and accrued liabilities	Non-current liability	Total
	$	$	$
Period ended December 31, 2023	$ 406,819	$ 9,749,158	$ 10,155,977
Period ended December 31, 2022	$ -	$ 7,787,763	$ 7,787,763

Stated interest, accretion charge and restructuring bonus are as follows:

	Six months ended December 31, 2023			Six months ended December 31, 2022		
	Stated interest	Accretion charge	Restructuring bonus	Stated interest	Accretion charge	Restructuring bonus
	$	$	$	$	$	$
9% 2025 debentures	450,532	458,677	56,608	404,285	380,968	38,608
	$ 450,532	$ 458,677	$ 56,608	$ 404,285	$ 380,968	$ 38,608

In addition, six months ended December 31, 2023 include $13,477 amortization of transaction costs (2022 - $10,024).

8 12% Non-convertible debentures payable

In April 2023 the company issued 400 units of 12% non-convertible debentures payable ("12% debentures") as a debt instrument.

The 12% debentures bear interest at 12% per annum payable semi-annually, mature October 10, 2025, and rank pari passu on security with the 9% 2025 debentures. There was no issuance of common shares of the company to the purchaser of 12% debentures. This transaction was with a non-related party which is at arm's length with the company. The company secured the requisite approval of 9% 2025 debentures to issue the 12% debentures.

Movement on 12% debentures is tabulated:

	Debt	Accrued and unpaid interest	Deferred fair value adjustment	Total
	$	$	$	$
Balance at June 30, 2023	370,129	9,334	(91,993)	287,470
Amortization of transaction costs for the period	2,129	-	-	2,129
Interest for the period	-	12,000	-	12,000
Fair value adjustment - accretion	-	-	9,019	9,019
Balance at September 30, 2023	$ 372,258	$ 21,334	$ (82,974)	$ 310,618
Amortization of transaction costs for the period	2,129	-	-	2,129
Interest for the period	-	12,000	-	12,000
Interest paid during the period	-	(22,882)	-	(22,882)
Fair value adjustment - accretion	-	-	9,283	9,283
Balance at December 31, 2023	**$ 374,387**	**$ 10,452**	**$ (73,691)**	**$ 311,148**
Current liability. Included in Accounts payable and accrued liability				$ 10,452
Non-current liability				$ 300,696
				$ 311,148

9 Share capital

No change in the authorized share capital since June 30, 2023.

No change in issued Class A preference shares since June 30, 2023.

No change in common shares since June 30, 2023.

10 Share-based payments

Employee stock options

The company has a stock option plan for directors, officers, employees and consultants.

The number of employee stock options issuable per the company's stock option plan is 556,285.

There were no stock options outstanding during the three and six months ended December 31, 2023 and 2022.

The company has recorded $nil of stock-based compensation expense during three and six months ended December 31, 2023 and 2022.

Restricted Share Unit Plan

The company has a restricted share unit plan (the "RSU Plan"), pursuant to which the Board may grant restricted share units (the "RSUs") to eligible persons. The eligible persons are directors, officers, employees and consultants of the company designated by the Board.

The maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan is 13,733,333.

The company has not granted any RSUs under the RSU plan as at December 31, 2023 and 2022.

Potentially Dilutive Securities

No potentially dilutive securities exist as at December 31, 2023 and December 31, 2022.

11 Related party transactions

9% 2025 debentures

Related parties were issued units of 9% debentures on terms and conditions applicable to other recipients of 9% debentures. Effective March 15, 2021 the 9% debentures held by all debenture holders were replaced by 9% 2025 debentures on a dollar for dollar basis with respect to the principal amount, restructuring bonus, and interest rate as such terms are defined in the 9% debentures.

On March 15, 2021 and September 7, 2021, the company closed financings by way of 9% 2025 debentures. These were purchased by managed accounts and principals of related parties Generation IACP Inc. and Generation PMCA Corp., and Kelly Ambrose, the company's President and Chief Executive Officer and a director.

In March 2022 and on January 5, 2023, the company closed $150,000 and $600,000 financings by way of 9% 2025 debentures. Principals of Generation IACP Inc. and Generation PMCA Corp. purchased the 9% 2025 debentures.

9% debentures and 9% 2025 debentures are described in note 7.

Common shares

a. The related parties were issued common shares of the company for their purchase of 9% 2025 debentures.

b. In September 2021, Kelly Ambrose, the company's President and Chief Executive Officer and Mukesh Sabharwal, the company's Chief Financial Officer were issued common shares as 1) retention bonus and 2) in lieu portion of vacation pay.

The holdings of 9% 2025 debentures and common shares by related parties are summarized below:

	December 31, 2023		June 30, 2023	
	9% 2025 debentures	Common shares	9% 2025 debentures	Common shares
Director, Chief Executive Officer - K. Ambrose	$ 575,000	25,424,582	575,000	25,424,582
Director - M. Lavine	500,000	2,450,494	500,000	2,450,494
Director - D. Moscovitz	9,000	38,966	9,000	38,966
Chief Financial Officer - M. Sabharwal	115,000	5,197,599	115,000	5,197,599
R. Abramson, GIACP, GPMCA (a)	3,403,000	154,327,765	3,464,680	156,505,045
Herbert Abramson (b)	731,000	54,864,527	731,000	54,864,527
	$ 5,333,000	242,303,933	5,394,680	244,481,213
Total issued and outstanding 9% 2025 debentures and common shares	$ 7,759,000	265,390,090	$ 7,759,000	265,390,090
% held by parties in tabulation	68.7%	91.3%	69.5%	92.1%

(a) Randall Abramson ("R. Abramson"), along with Generation IACP Inc. ("GIACP") and Generation PMCA Corp. ("GPMCA") in their capacity as portfolio managers on behalf of their respective fully managed accounts, beneficially own (directly or indirectly) or exercise control or direction over, in aggregate, the above securities of the company. R. Abramson indirectly controls both GIACP and GPMCA and is a portfolio manager of both firms

(b) Herbert Abramson, Chairman and a portfolio manager of both GIACP and GPMCA, beneficially owns the securities of the company

12 Commitments and contingencies

Legal matters

From time to time, the company is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and management is of the opinion that the outcome of these types of proceedings is generally not determinable. Any loss resulting from these proceedings will be charged to operations in the period the loss is determined.

Taxation

The Inland Revenue Service ("IRS") assessed a penalty of USD 100,000 with respect to a US subsidiary for late filing of a return for fiscal year which commenced September 1, 2020 and ended August 31, 2021 with respect to certain foreign owned US corporations. The corporation in question is dormant since its year ended August 31, 2019. The company lodged an appeal with the IRS citing the relief for late filing available with respect to fiscal year 2020 and other mitigating circumstances including the relief available under small corporation category. In January 2024 the IRS waived the penalty.

13 Earnings per share

Basic EPS is calculated by dividing the net income (loss) for the period attributable to equity owners of the company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

	3 months ended December 31, 2023	3 months ended December 31, 2022	6 months ended December 31, 2023	6 months ended December 31, 2022
	$	$	$	$
Net (loss) and comprehensive (loss)	$ (528,776)	$ (627,531)	$ (1,078,733)	$ (1,158,935)
Basic and Diluted EPS				
Average number of issued common shares during the period	265,390,090	253,392,507	265,390,090	253,392,507
Basic EPS	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
There are no potentially dilutive common shares outstanding at December 31, 2023 and 2022. Hence Diluted EPS not computed				

14 Nature of expenses

		Period ended December 31, 2023	Period ended December 31, 2022
		$	$
Direct expenses			
Costs of loyalty rewards, and marketing in connection with the company's merchant based loyalty program		$ 343,543	$ 259,108
Expense for provision against impaired accounts receivable and transaction credits, credit & collection expense		9,529	7,275
		$ 353,072	**$ 266,383**
Selling and Marketing, and General & Administrative			
Salaries and wages including travel		$ 642,486	$ 671,864
Professional fees		96,968	92,837
Facilities, processing, and office expenses		109,812	79,893
Other		17,045	16,458
		$ 866,311	**$ 861,052**

Selling and Marketing, and General & Administrative reflect receipt of federal pandemic rent subsidy during period ended December 31, 2022 of $1,888.

15 Segment reporting

The company's reportable segments include: (1) MCA program, and (2) Aeroplan program. Where applicable, corporate and other activities are reported separately as Corporate.

The programs are described in Note 1.

Financial information by reportable segment for periods ended December 31, 2023 and December 31, 2022 is tabulated.

The Chief Operating Decision Maker reviews the segment income statement. The segment assets and liabilities are not reviewed.

December 31, 2023			
	MCA program	Aeroplan program	Total
	$	$	$
Revenues	1,107,445	504,715	1,612,160
Direct expenses	9,529	343,543	353,072
	1,097,916	161,172	1,259,088
Selling & marketing	241,408	48,050	289,907
General & administrative	479,975	96,429	576,404
Earnings from operations before depreciation, amortization and interest	376,533	16,693	392,777
Stated Interest - loan payable	463,958	-	463,958
Stated Interest - 9% non-convertible debentures payable	309,485	141,047	450,532
Stated Interest - 12% non-convertible debentures payable	16,486	7,514	24,000
Non-cash interest - 9% non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	363,224	165,539	528,763
Non-cash interest expense - 12% non-convertible debentures payable - amortization of transaction costs	2,924	1,333	4,257
Segment (loss)	(779,544)	(298,740)	(1,078,733)

December 31, 2022			
	MCA program	Aeroplan program	Total
	$	$	$
Revenues	651,915	370,473	1,022,388
Direct expenses	7,275	259,108	266,383
	644,640	111,365	756,005
Selling & marketing	175,438	99,698	275,136
General & administrative	373,603	212,313	585,916
Earnings/(loss) from operations before depreciation, amortization and interest	95,599	(200,646)	(105,047)
Stated Interest - loan payable	219,823	-	219,823
Stated Interest - 9% non convertible debentures payable	257,788	146,497	404,285
Non-cash interest - 9% non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	273,930	155,670	429,600
Interest - Lease	115	65	180
Segment (loss)	(656,057)	(502,878)	(1,158,935)

16 Government subsidies

The company availed pandemic relief measures. Amount of $1,888 received during period ended December 31, 2022 under Canada's Federal rent subsidies (Hardest Hit Business Recovery Program) is reflected as a reduction of the facilities expense disclosed in note 14.

The company received $60,000 under the Canada Emergency Business Account. $20,000 of this loan of $60,000 is forgivable provided the loan is re-paid by January 18, 2024. There is no interest on the $60,000 loan provided it is re-paid by January 18, 2024. Beginning on January 19, 2024, interest will accrue on the balance of the loan at the rate of 5% per annum. The company did not avail the option of payment on January 18, 2024.

17 Subsequent event

On February 22, 2024, the company announced it closed its private placement of a secured non-convertible debenture for gross proceeds of $300,000 ("new 12% debentures"), bearing interest at 12% per annum, maturing October 10, 2025, to an arm's length party.